State of California

Employment Training Panel

Training Proposal for:

GNI Waterman L.L.C. dba Waterman Industries

Agreement Number: ET09-0270

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **Sacramento** Analyst: K. Muraki

PROJECT PROFILE

Contract Type: Priority/Retrainee

Industry Sector(s): Manufacturing

Counties Served: Tulare

Repeat Contractor: ☐ Yes ☒ No

Union(s): ☐ Yes ☒ No

Priority Industry: ☒ Yes ☐ No

No. Employees in CA: 99

No. Employees Worldwide: 105

Turnover Rate %	Manager/ Supervisor %
10%	8%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
$142,560	$0	$142,560

In-Kind Contribution
$150,480

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Business Skills, Computer Skills, Continuous Improvement, Manufacturing Skills, Management Skills	99	24 - 125	0	$1,440	$13.00
				Weighted Avg: 80			

Minimum Wage by County: $12.85 for Tulare County

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☐ Yes ☒ No

Although employer provides health benefits they are not being used to meet Post-Retention Wage**.**

Other Benefits: 401K

Wage Range by Occupation	
Occupation Title	Wage Range
Draftsmen	
Engineering	
Administrative Staff	
Production	
Service/Installation	
Managers/Supervisors	

INTRODUCTION

In this proposal, GNI Waterman L.L.C. dba Waterman Industries (Waterman) seeks funding for retraining as outlined below:

Waterman was founded in 1907 by William A. Waterman as a sheet metal shop in San Jose. In 1910 the company moved to the San Joaquin Valley to support the rapidly growing agricultural market. In 1912, the company was re-organized as W.A. Waterman Co. which developed products to control irrigation waters in citrus orchards. The company broadened to include an iron foundry to expand its manufacturing capabilities, acquired related businesses, and in 1951 incorporated to become Waterman Industries. After over 90 years of success in 2004, failed growth strategies forced a second reorganization of Waterman under Chapter 11. A successful turn-around was accomplished, but in 2006 Waterman was acquired by Galena Water L.L.C. and reincorporated. Galena provided the capital and guidance necessary to assure Waterman's future success.

At the Exeter facility, Waterman designs and fabricates gates, stems, lifts, and level control equipment for various water control applications. The facility handles all manufacturing with the exception of foundry work on the cast iron parts, which is outsourced.

Waterman has come out of its 2004 reorganization ready to take on challenges from various competitors out-of-state and abroad such as Hydrogate (Mexico), WACO (Maryland), Fontaine (Canada), and Golden Harvest (Washington).

Waterman is eligible for funding under the out-of-state competition provisions outlined in Title 22, California Code of Regulations (CCR), Section 4416(b) for companies classified as manufacturers retraining current employees.

PROJECT DETAILS

Waterman is challenged through its recent reorganization to move toward a high performance workplace. The company seeks a better trained workforce educated in lean manufacturing principles, inventory control, process analysis, team building, quality control, kaizen, and other aspects of quality improvement. Cross-training of employees in various disciplines and job classifications will allow for more flexibility in the workplace, increased capacity to build, and more responsive crews for service and installation of product. One challenge will be the ability to train employees to "flex" across workspaces and even departments within the company. Introducing and implementing these concepts will require extensive training from management to front-line employees.

Business Skills training will involve the administrative staff and other trainees. Waterman will implement just-in-time purchasing to improve the following processes: customer/vendor relationships; contract and pricing negotiation; enhanced product knowledge; order process improvement and billing and accounts payable procedures.

Computer Skills training will involve all trainees to enable them to access information for job efficiency and process improvement, and have the ability to effectively analyze work results, create reports, and improve processes with real-time information. Computer skills in more technical software applications such as Computer-Assisted Drawing and Design for Fabrication will be taught to employees involved in project management and job estimating. Design and Engineering team members will receive training in specific design application software programs such as Inventor, Algor FEA, and Auto CAD. Materials Resource Planning software methods will be taught to all supervisors and leads so that all the various levels within the company can visualize the flow of materials and the formulas for Just-in-time and lean manufacturing process implementation.

Continuous Improvement will utilize the Kaizen methods of continuous improvement, empowering the front-line employee with the ability to make real and lasting change in their work processes and environment. All trainees will be involved in a comprehensive quality control program that will be developed and implemented with employee input. Team building skills are required to enhance the ability of the various departments to work and communicate with each other to form the kinds of synergy necessary for success. Continued training in inventory controls and lean manufacturing principles will allow the company to produce more product while carrying less inventory.

Manufacturing Skills includes concepts such as just–in-time, quick response manufacturing, handling special orders, and KanBan Set-Up and implementation processes, Cycle counting, and the concept of cellular manufacturing. Supply-chain management skills will be taught to transform the company into a lean producer with excellent capacities and shorter lead times to

the customer. Processes will be analyzed in an effort to discover new opportunities for efficiency and capacity within the manufacturing and parts divisions.

Management Skills training will aid in long, middle, and short range business planning to map out an aggressive plan for the future in growth, product development, and global distribution networking. In addition, job estimating and bidding skills will be taught in an effort to more responsibly bid potential work and protect profit margins. Forecasting and projections will be discussed as well as project management and supervising for effective and efficient production**.**

Leadership skills will be taught in order to make supervisory and management personnel better team leaders. Better leaders within the organization, with the ability to plan and communicate goals and objectives, will improve company performance.

Commitment to Training

The company's annual training budget for California is $25,000. Employees receive all required regulatory and safety training, orientation training, and other training as needed. ETP funding will enable the company to begin a formal training plan for this new reorganization.

Waterman represents that ETP funds will not displace the existing financial commitment to training. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

Waterman represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Frontline Worker

The company use several job classifications with a "supervisor" or "manager" in the title. In fact, based on the nature and scope of the job duties, these employees are eligible for overtime compensation. Therefore, they meet the Panel's definition of frontline workers. (Title 22, CCR, Section 4400(ee).) With this in mind, no more than 8% of the trainee population are supervisors or managers.

High Unemployment Area

The 99 trainees work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by at least 25%, using the unemployment rate set by the Labor Market Information Division of the Employment Development Department. (Title 22, CCR, Section 4429(b).). However, the company is not asking for a HUA wage modification.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

DEVELOPMENT SERVICES

The company retained Strategic Business Solutions L.L.C. in Exeter to assist with development of this proposal for a flat fee of $5,000.

ADMINISTRATIVE SERVICES

The company also retained Strategic Business Solutions L.L.C. to perform administrative services in connection with this proposal for a fee of $18,532, not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

24 – 125

Business Skills
Improving Customer/Vendor Relationships
Contract and Pricing Negotiation
Enhanced Product and New Customer Knowledge
Handling Special Orders
Billing and Accounts Payable

Computer Skills
Materials Resource Planning
Computer-Assisted Drawing (CAD)
Design of Fabrication
Microsoft Project
Accounting/Sales Systems
Inventor I, II, III
Algor FEA
Crystal Reports

Continuous Improvement Skills
Tools and Processes for Leading Change
Teambuilding and Problem Solving Skills
Organizational Change
Procurement Processes
Lean Manufacturing Principles and Concepts
Quality Control Systems
Cross Training on Production Equipment
APICS Training

Manufacturing Skills
Cellular Manufacturing
KanBan Set-Up Implementation
Materials and Product Flow Systems
Production Standards
Warehousing Systems
Process Analysis and Review
Materials Resource Planning
Cycle Counting
Reducing Set-Up Times
Production Operation and Performance Testing
Advanced Fabrication Techniques

Management Skills (for managers only)
Strategic Planning
Project Management
Leadership Skills
Team Building and Problem Solving Skills
Leading Change
Job Estimating